

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

**IN RE:           CITY OF NEWPORT, UTILITIES           :**  
**DEPARTMENT WATER DIVISION       :**       **DOCKET NO. 3818**  
**APPLICATION TO CHANGE RATES       :**

**ORDER**

On April 4, 2008, the Department of the Navy (“Navy”) filed a Motion for Relief from the Order of the Public Utilities Commission (“Commission”) in Docket No. 3818 pursuant to Rule 1.28 of the Commission’s Rules of Practice and Procedure. Specifically, the Navy requested that the Commission include an item discussed in the Commission’s finding in the Order section of the Commission’s final order. At page 40 of the Commission’s order, the Commission discussed the City creating a Cost Allocation Manual (“CAM”) explaining how costs are allocated to the City’s various departments. This CAM was to be filed with the Commission by May 1, 2008. The language used by the Commission was that “the City is encouraged to create” the CAM. The Navy asserts that this language be put into the Ordering section or in the alternative, the Commission explain why it was not included in that section.

In response to the Navy’s Motion, the City of Newport Water Division (“Newport Water”) filed an Objection to the Navy’s Motion and a Petition for Relief from Order. In its Petition, Newport Water asserted that the order was directed toward the City as opposed to Newport Water, that it was impossible for Newport Water to complete the CAM by May 1, 2008 because the written order was issued March 24, 2008 and that the CAM should be submitted by Newport Water as part of the next general rate filing.

On May 15, 2008, the Commission considered the Navy's Motion and Newport Water's Petition at Open Meeting. The Commission finds that the CAM should be filed before Newport Water's next rate filing in order that the parties to such a proceeding have the opportunity to review and respond to it during the course of the hearing. The Commission's original order merely encouraged the City to create the CAM, because the Commission does not have jurisdiction over the City and thus cannot order the City to do anything. The Commission believes that the CAM will be a valuable tool to all of the parties in understanding exactly how the City's costs are allocated to the City's various departments. Newport Water is ordered to file the CAM at least thirty (30) days prior to filing its next rate case. Should Newport Water fail to file the CAM as required by this Order, it risks the Commission denying future requests for inclusion of any City Services allocations in its rate structure.

Accordingly, it is hereby

(19293) ORDERED

1. The Department of the Navy's Motion for Relief is denied.
2. Newport Water's Petition for Relief is granted in part and the requirement that Newport Water file a Cost Allocation Manual with the Commission by May 1, 2008 is vacated.
3. Newport Water shall file a Cost Allocation Manual with the Commission at least thirty (30) days prior to filing its next rate case.
4. Newport Water shall comply with all other findings and instructions as contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND, IMMEDIATELY, PURSUANT TO AN OPEN MEETING DECISIONS ON MAY 15, 2008. WRITTEN ORDER ISSUED MAY 21, 2008.

PUBLIC UTILITIES COMMISSION



*Elia Germani*

Elia Germani, Chairman

*Robert B. Holbrook*

Robert B. Holbrook, Commissioner

*Mary E. Bray*

Mary E. Bray, Commissioner